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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-05 MCE-00 EB-08 DODE-00 ICA-11
COME-00 TRSE-00 CIAE-00 INR-10 NSAE-00 NSC-05
SP-02 SS-15 SSM-03 /070 W
----------101960 050543Z /17
R 041412Z APR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 7537

C O N F I D E N T I A L CAIRO 09967

E.O. 11652: GDS
TAGS: MASS, US, EG
SUBJECT: TELCOM INTEREST IN SALE OF PASSIVE LISTENING
- SYSTEM TO EGYPT

REF: (A) STATE 76979, (B) CAIRO 9364

1. ARSLAN OF TELCOM CALLED ON DCM APRIL 4 TO INFORM EMBASSY OF RESULTS OF HIS CURRENT VISIT TO EGYPT. ARSLAN ARRIVED CAIRO MARCH 30 AND DEPARTS APRIL 6; HE PLANS CALL ON NEA/EGY APRIL 7 FOR ADVICE ON STATUS OF OMC LICENSING FOR PASSIVE LISTENING DEVICES. ARSLAN SAID HE HAD HAD NO DIRECT CONTACT WITH EGYPTIAN MILITARY AUTHORITIES AND HAD DEALT ONLY THROUGH HIS LOCAL AGENT, MOHAMED GHANEM, WHO HAS SOME OFFICIAL POSITION WITH ARAB LEAGE AND HAS BROTHER IN EGYPTIAN NAVY.

2. ARSLAN EXPLAINED THAT DURING HIS PREVIOUS VISIT EGYPTIAN MILITARY AUTHORITIES HAD EXPRESSED GREAT INTEREST IN SOPHISTICATED GROUND AND AIR PASSIVE LISTENING DEVICES AND HAD ASKED THAT TELCOM DRAW UP PROPOSAL MEETING ALL THEIR DESIDERATA. ARSLAN HAD ACCORDINGLY PRESENTED THROUGH HIS AGENT TELCOM PROPOSAL COSTING ABOUT $170 MILLION, WHICH FLABBERGASTED EGYPTIANS, WHO CLAIMED TO HAVE BUDGET ALLOCATION IN RANGE OF
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$30-35 MILLION. ARSLAN DESCRIBED TELCOM PROPOSAL AS "GOLD-PLATED CADILLAC" AND SAID HE WAS THEREFORE RETURN-ING TO U.S. TO HAVE TELCOM DRAW UP MORE MODEST PROPOSAL INVOLVING ONLY GROUND SYSTEM, SINCE AIR SYSTEM INSTALLED IN C-130 AIRCRAFT WAS VERY EXPENSIVE. HE BELIEVED TELCOM COULD COME UP WITH PROPOSAL WHICH WOULD MEET MINIMAL REQUIREMENTS FOR GROUND SYSTEM WITHIN EGYPTIAN BUDGET

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ALLOCATION.

3. ARSLAN SAID HE HAD LEARNED THAT A GERMAN COMPANY, RHODE AND SCHWARZ, WHICH HAD MADE OTHER SALES OF SIMILAR EQUIPMENT IN IRAN AND ELSEWHERE IN MIDDLE EAST, HAD PRESENTED EGYPTIANS ATTRACTIVE OFFER GENERALLY WITHIN THE BUDGET ALLOCATION. ARSLAN'S IMPRESSION WAS THAT EGYPTIANS ACCORDED HIGH PRIORITY TO PASSIVE LISTENING SYSTEM AND THAT THEY WOULD MAKE UP THEIR MINDS RELATIVELY SOON (WITHIN A COUPLE OF MONTHS) TO PICK A CONTRACTOR AND THEN NEGOTIATE DETAILS. ARSLAN WAS TOLD THAT EGYPTIANS EVENTUALLY WANT TO HAVE THREE SEPARATE SYSTEMS AND THAT EGYPT WAS CONCERNED OVER BOTH SINAI AND LIBYAN FRONTS; HE DID NOT SPECULATE WHERE THIRD SYSTEM MIGHT BE INSTALLED, BUT EMBASSY ASSUMES THAT SUDANESE BORDER WOULD BE LOGICAL.

4. ARSLAN CONFIRMED INFORMATION IN PARA 1 REF A THAT DOD FOR ITS PART HAD TURNED DOWN TELCOM REQUEST FOR LICENSING OF EQUIPMENT WITH FREQUENCIES ABOVE 18 GIGA-HERTZ AND WITH COMPUTER ASSISTED DATA LINK CAPACITY. HE ALSO SAID THAT IF OMC APPROVED LICENSE, CONGRESSIONAL 30-DAY NOTIFICATION WOULD BE REQUIRED. ARSLAN WILL CONTACT EGYPTIAN DESK REGARDING STATE OF PLAY WITH OMC AND PROMISED KEEP DEPARTMENT AND EMBASSY INFORMED, PARTICULARLY IF HE RETURNS TO EGYPT IN NEXT MONTH OR
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SO WITH NEW TELCOM PROPOSAL. EILTS

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